

1 August 2014

MX Oil plc ('MX Oil' or 'the Company')
Joint Venture Secured with Geo Estratos, Issue of Equity, Board and Broker
Appointments and Update from Mexico

MX Oil plc is pleased to provide an update on its activities in line with the Company's strategy to explore investment opportunities in Mexico's energy industry, which is being reopened to the private sector to attract greater foreign investment and expertise to develop its substantial hydrocarbon reserves.

Highlights

- Potentially transformational Joint Venture Agreement ("Geo JV") signed with Geo Estratos S.A. de C.V. ("Geo"), a highly reputable and established oil services business in Mexico
- The Geo JV is to identify, evaluate, explore, develop, and produce hydrocarbons in Mexico - due diligence can now commence on three potential asset transactions identified by Geo
- Issue of 66,666,666 new ordinary shares via an oversubscribed placing at 3p per share to raise £2 million to provide working capital ahead of the upcoming licencing rounds in the re-opening Mexican energy sector
- Appointment of Pat Mendoza and Sergio Lopez to the Board of MX Oil as Non-executive directors with immediate effect – both of whom have direct experience of operating in Mexico's oil and gas industry and have long standing relationships with Geo
- Strategic relationship in place with Northcote Energy Limited ("Northcote") who have played a key role in developing MX Oil's Mexico strategy and relationships with Patrick Mendoza and Sergio Lopez who were essential in the delivery of the Geo JV
- Appointment of Hybridan LLP as lead AIM broker to the Company

MX Oil's Chief Executive Officer Stefan Olivier said: "We have an early mover advantage in Mexico and this transformational JV with Geo ideally positions MX Oil to capitalise on the country's vast hydrocarbon potential, which is estimated to hold 13 billion barrels of recoverable oil resources. From the outset we recognised the need to secure a highly qualified and well-connected local partner to penetrate the sector and Geo more than fits the bill. With over 17 years of in-country experience it has a long track record of delivering a diverse range of services to many of the leading operators in the Mexican oil and gas sector, including Pemex, the state-owned operator, and FTSE 100 listed Petrofac. Geo also

has a comprehensive in-house database covering Mexico's geology and hydrocarbon formations and an extensive list of concessions that will be of major benefit to MX Oil. We are about to start evaluating three of these to determine whether MX Oil will elect to participate alongside Geo in the bidding round and, subject to the outcome, in their subsequent development.

“We are thrilled with the response to our first placing as MX Oil and believe that with this additional funding in place we will be fully funded into 2015 and well positioned to hit the ground running with targeted concession bids in Mexico's re-opening energy sector.

“Our proposition is also bolstered by the appointment of Pat and Sergio to the Board. Their extensive experience in the oil and gas sector in both the US and Mexico, along with their long term relationship with Geo, will prove invaluable as we look to work with our new partner in Mexico. These relationships were facilitated by Northcote (AIM: NCT), and we look forward to continue working with them in the future. We have built a first class team and along with the continued support of our existing and new shareholders, we are confident we will deliver on our objectives, and in the process generate considerable value for investors.”

Geo Estratos JV

Further to the announcement of 19 June 2014, an agreement has been signed with Geo Estratos S.A. de C.V., an established oil services business in Mexico, to form a joint venture between MX Oil and Geo respectively to jointly evaluate, explore, develop, and produce hydrocarbons in Mexico. MX Oil is about to start due diligence on three potential asset transactions identified by Geo and an update will be made to the market in due course.

The Geo JV is a product of and supersedes the agreement between MX Oil and Nogal Holdings LLC (“Nogal”), as announced on 27 May 2014.

Under the terms of the Geo JV:

- Any concession or project awarded to the Geo JV will be held under a separate company (“JV Company”), 51% owned by MX Oil and 49% owned by Geo with each party being assigned equal voting rights
- MX Oil to provide access to funding for the delivery of specific approved projects by the Geo JV including, but not limited to, the acquisition of E&P assets and the provision of oil services in Mexico and any pre-bid expenditure required ahead of a formal bid for concessions
- GEO shall contribute any proprietary seismic or asset data relevant to the concession or project

- JV Companies will be structured on a cost recovery basis where MX Oil source and invest capital which is recovered with a 12% cost of capital prior to an equity split with Geo
- Any loans or similar instruments provided by MX Oil for the development of concessions will be secured against the JV Company's assets and shall be repaid in full by the JV Company, prior to any distributions being made to the equity owners
- MX Oil may fund any third party projects in Mexico's oil and gas industry that are not directly related to a concession identified through the Geo JV

Geo has a track record spanning two decades of providing services including subsoil drilling, geological and geophysical studies to operators in the Mexican energy sector such as Pemex, Mexico's national oil company, and FTSE 100 listed Petrofac. Geo provides a broad range of technology based services and solutions to the Mexican energy sector and has a number of patents granted and pending in both Mexico and the US. Being a local business with a long track record of working in the Mexican energy industry, Geo is well placed to secure and develop contracts and concessions in country via formal bid rounds and through its existing commercial relationships.

Appointment of Hybridan LLP as lead AIM broker

The Company is pleased to announce that it has appointed Hybridan LLP as lead AIM broker with immediate effect.

Placing, issue of equity and grant of warrants

The Company has raised gross £2 million through the issue of 66,666,666 new ordinary shares (the "Placing Shares") at a price of 3 pence per share (the "Placing") conditional only upon admission to AIM. The net proceeds of the Placing will be used to pre-qualify for and submit formal bids in the forthcoming licencing rounds in Mexico, where assets are currently being identified in conjunction with its JV partner, Geo. Management believe that this equity round is anticipated to leave MX Oil fully funded into 2015 and that identified licences could be acquired as early as March 2015.

The Company has agreed, subject to shareholder approval, to issue 60 million warrants ("the Warrants") to subscribe for shares in the Company at the Placing Price to certain directors and other third parties. Of the Warrants, Andrew Frangos and Stefan Olivier, both directors of the Company will each be awarded 15 million warrants and Northcote and its nominated Director will be awarded a total of 15 million warrants. Vesting of the Warrants will be conditional upon the Company securing an interest in a concession or asset. The Warrants will vest in three equal tranches as follows: one third vesting upon the Company's average mid-market closing share price trading at 6p for 60 consecutive days; one third

vesting upon the Company's average mid-market closing share price trading at 12p for 60 consecutive days; and the final third vesting upon the Company's average mid-market closing share price trading at 18p for 60 consecutive days. In addition the first and second tranches of options will lapse if, in each case, they have not been exercised within 90 days of the trading price vesting condition being satisfied.

Also subject to shareholder approval but on different vesting terms to the Warrants, the Company has agreed to issue to both Mr Mendoza and Mr Lopez (who do not own any shares in the Company) 10 million warrants to subscribe for shares in the Company at an exercise price of 2p per share.

The Company has further agreed to issue Northcote 30 million warrants to subscribe for shares in the Company exercisable at 2p which will vest once MX Oil secures a concession in Mexico. If after the Company secures a concession the average mid-market closing price of shares in the Company trades at 4 pence or more for 60 consecutive days, these warrants will lapse if they have not been exercised within 90 days of expiry of such period.

A general meeting of the Company will be convened in due course seeking shareholder approval to the issue of the warrants.

The grant of warrants to directors is a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. The independent Director consider, having consulted with Cairn Financial Advisers LLP, the Company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

In addition and in connection with the Placing, the terms of the warrants issued in conjunction with the placing conducted by Cornhill Capital Ltd in March 2014 have been amended so that such warrants shall lapse as follows: as to one third in the event of the Company's average mid-market price trading at 6p for 60 days and such warrants not being exercised within the following 90 day period, as to one third in the event of the Company's average mid-market price trading at 12p for 60 days and such warrants not being exercised within the following 90 day period and as to the final third in the event of the Company's average mid-market price trading at 18p for 60 days and such warrants not being exercised within the following 90 day period.

The Placing Shares will rank *pari passu* in all respects with the Company's existing ordinary shares. Application has been made for the admission of the Placing Shares to be admitted to trading on AIM ("Admission"), and Admission is expected to occur, and dealings are expected to commence, at 08.00 on 6 August 2014.

The Company has no Ordinary Shares held in treasury. The total number of voting rights in the Company following the Placing will therefore be 201,332,190. This figure may therefore be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

Strategic relationship with Northcote Energy

To formalise MX Oil's relationship with Northcote Energy, an agreement has been executed by the two parties, the key terms of which covering an initial three year period expiring on 28 March 2017 are as follows:

- Northcote Energy has the right to participate at a level equal to 20% of MX Oil's interest in any concession or project that MX Oil secures in country and initiated prior to the 10th anniversary of the agreement on an un-promoted basis in exchange for the successful work done in assisting with getting MX Oil relationships in place in country and for the continued provision of consultancy services and technical expertise going forward.
- 15 million warrants, as described above, will be allocated 80% to Northcote and 20% to its nominated director.
- Northcote to be issued with an additional 30 million warrants to subscribe for shares in the Company exercisable at 2p which will vest once MX Oil secures a concession in Mexico
- if after the Company secures a concession the average mid-market closing price of shares in the Company trades at 4 pence or more for 60 consecutive days, these warrants will lapse if they have not been exercised within 90 days of expiry of such period
- Northcote is entitled to nominate a person by agreement with the Company to be a director of the Company

Board Appointments

The Company is pleased to welcome Mr Pat Mendoza and Mr Sergio Lopez, both of whom have direct experience of operating in Mexico's oil and gas industry, to the Board of MX Oil as non-executive directors with immediate effect.

Mr. Mendoza has over 30 years' experience in the oil and gas industry and served as Chief Operating Officer for Latin America with Lewis Energy Group for more than 20 years. He has proven experience in the exploration of oil and gas fields throughout North and South America and has been responsible for the purchase of lands and leases in both regions.

During his career, he has overseen the drilling and development of wells, the construction of pipelines and has extensive operational knowledge of rigs, equipment and personnel.

Mr. Lopez has 13 years' experience in the oil and gas industry ranging from finances to operations. In recent years, he was Mexico Country Manager for Lewis Energy Group having previously been International Controller for Mexico and Colombia where he was responsible for planning and budgets for each of the countries, monitoring A&D inventories and fixed assets, direct and indirect production cost control analysis, administrative controls, treasury, planning, cash forecasting and JV accounts.

The directorships and/or partnerships held by Mr Pat Mendoza, aged 56, in the previous five years are as follows:

Current Directorships/Partnerships	Past Directorships/ Partnerships
P & G Travel LLC	Lewis Energy Group, LP
CAS Leasing LLC	
MEN05 LLC	
Nogal Energy Management LLC	
Nogal Energy Partners LLC	
Nogal Holdings LLC	
Geo Estratos Oil & Gas Services LLC	
Triple T Coil Tubing LLC	

The directorships and/or partnerships held by Mr Sergio Lopez, aged 37, in the previous five years are as follows:

Current Directorships/ Partnerships	Past Directorships/ Partnerships
Nogal Energy LLC	None
Nogal Holdings LLC	
Triple T Coil Tubing LLC	

There is no further information on either Mr Lopez or Mr Mendoza required to be disclosed under Schedule Two, paragraph (g) of the AIM Rules for Companies.

**** ENDS ****

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